



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

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Fifth District

June 3, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AVIATION PERSONAL ACCIDENT, SHERIFF RESERVE
AND VOLUNTEER WORKERS ACCIDENTAL DEATH AND DISABILITY
INSURANCE PROGRAMS
(ALL DISTRICTS AFFECTED) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the purchase of commercial Aviation Personal Accident, Sheriff Reserve Disability and Volunteer Workers insurance coverages through Dickerson Insurance Services (Dickerson) at an initial annual premium cost of \$31,773.00, including broker commission, subject to anniversary renewal adjustments and changes in County operations, for the term indicated in the attached Broker Services Agreement.
2. Approve and instruct the Chairman to execute the attached three-year Broker Services Agreement with Dickerson, which County Counsel has approved as to form, with a provision for two, one-year term extensions of the Agreement at County's option.
3. Instruct the Auditor-Controller to make payments for insurance premiums, adjustments, deductible amounts, related loss expenditures and services as invoiced and validated by the Chief Administrative Officer.

PURPOSE OF RECOMMENDED ACTION

In June of 1999, your Board approved the purchase of the above three commercial insurance programs, which provide benefits to the crew and passengers of County operated aircraft, Sheriff Reservists and County Volunteers in the event of their injury or death. The Chief Administrative Office issued a Request for Proposals to renew these programs, and is now requesting your Board's approval to finalize the renewal of coverage through Dickerson.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The purchase of this commercial insurance and execution of the broker services agreement is consistent with the County's Strategic Plan Goal of Fiscal Responsibility. This recommended program will assist the County in effectively managing its resources by providing coverage for injury or death to persons who are required or invited to travel on County operated aircraft, or who donate their personal services to the County as Sheriff Reservists and department Volunteers.

JUSTIFICATION

Procurement of this commercial coverage has been found cost effective in light of the reasonable cost of coverage and the County's favorable loss history, which have enabled the County to obtain insurance at an economical cost. Maintenance of commercial insurance coverage protects the County against potentially severe loss, and also supports departmental efforts to recruit and retain Sheriff Reservists and Volunteers who provide desirable services to County departments at a significant savings to taxpayers.

FISCAL IMPACT

The new, first year premium amount of \$31,773.00 for all three coverages represents an increase of approximately 10% in comparison to the expiring annual premium cost of \$25,391.25. This increase is seen as nominal in light of the current insurance market conditions; it is also considered reasonable as the 1998 premium for these coverages was \$35,209.

Program limits, terms and conditions are equivalent to the expiring program, and are briefly summarized as follows:

Aviation Personal Accident coverage: provides a maximum \$25,000 accidental death and dismemberment benefit per person, with a \$1 million aggregate limit per occurrence.

Sheriff Reserve Disability coverage: provides a maximum \$10,000 accidental death and dismemberment benefit per person, with a \$1 million aggregate limit per occurrence. It also provides a \$300 weekly disability income benefit for a 104 week maximum, subject to a 31 day waiting period.

Volunteer Workers coverage: provides a maximum \$5,000 accidental death and dismemberment benefit per person, with a \$250,000 aggregate limit per occurrence. It also provides a \$10,000 accidental medical expense benefit, and a \$500 accidental dental expense benefit, per person.

Under the new coverages, benefits will be paid without regard to the age of the injured person; under the expiring coverages, reduced benefits were paid to persons age 70 and older. The programs also will continue to provide a \$100,000 emergency evacuation benefit for transportation costs if the person was severely injured while traveling 100 miles or more away from their home, and a \$10,000 repatriation of remains benefit for expenses incurred to return the person's remains to their primary residence.

FINANCING

Funding is included in the 2003-04 Insurance Budget and costs will be charged back to department budget units.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Self-insurance is permitted, however, the County has purchased commercial coverage at a nominal cost to protect the County in the event of a significant financial loss.

CONTRACTING PROCESS

To renew this program, notice of the Request for Proposals (RFP) was issued in March 2003 to 82 insurance brokers; notice also was listed on the "Doing Business with the County" contracting website.

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Two proposals were received, and an evaluation committee including representatives from the CAO, Sheriff and Fire Departments selected the proposal submitted by Dickerson as the most responsive to the County's requirements at the lowest cost. Dickerson is a full service insurance brokerage and consulting firm and has been certified as a minority owned/controlled business by the MTA and the Southern California Regional Purchasing Councils; they also have applied for the County's Community Business Enterprise certification.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Procurement of this commercial insurance protects the County's financial assets against potentially severe losses at an economical cost.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

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Attachment

c: County Counsel
Auditor-Controller
Sheriff Department
Fire Department